

**APPROVED MINUTES
CITY COUNCIL
SPECIAL MEETING
COUNCIL STUDY ISSUES AND BUDGET ISSUES WORKSHOP
(CONTINUED FROM JANUARY 25, 2008)
FRIDAY, FEBRUARY 1, 2008**

ORDER OF BUSINESS

8:30 a.m. – Special Council Meeting

CALL TO ORDER

Mayor Spitaleri called the meeting to order at 8:30 a.m.

SALUTE TO THE FLAG

Mayor Spitaleri led the salute to the flag.

ROLL CALL

PRESENT: Mayor Anthony Spitaleri
Vice Mayor Melinda Hamilton
Councilmember John Howe
Councilmember Otto Lee
Councilmember Ron Swegles
Councilmember Christopher Moylan
Councilmember David Whittum

STAFF PRESENT: City Manager Amy Chan
Assistant City Manager Robert Walker
City Attorney David Kahn
Director of Community Development Hanson Hom
City Clerk Gail Borkowski

City Manager Amy Chan presented an overview of the workshop agenda planned for the meeting.

City Manager Chan stated at the January 25, 2008, special Council meeting for Study and Budget Issues, a question was raised as to whether a rooster could be kept within City limits. City Manager Chan stated staff researched this and found that the City's municipal code does not prohibit residents from having roosters within the City.

City Manager Chan explained that at the beginning of the January 25, 2008, meeting Councilmember Whittum stated that he would need to recuse himself from ranking two items. When calculating the rankings, staff did not take into account how this would

affect the ranking. When staff rechecked the math and methodology, the result was that ranking for those two items changed as follows; DPW 11 (Update/Review of the Corner Vision Triangle Municipal Code Ordinance) moved from 9th place to 8th place, and DPW 19 (Heritage Neighborhood North of Caltrain Parking Management Study) moved from 8th place to 9th place.

Councilmember Moylan stated that recusing oneself on a study issue ranking is a new issue and asked City Attorney Kahn if that is a requirement when ranking an item. City Attorney stated he would like to submit an off-agenda memo to Council rather than address that item at present.

BUDGET PRIORITY SETTING FRAMEWORK PROPOSAL

City Manager Chan explained that the current economic environment will not be that significant to the City's budget, based on the City's current 20-year plan. City Manager Chan stated assuming that the impact turns out as projected and is not that significant, the current year budget will remain for the upcoming year at \$500,000.

City Manager Chan stated if she were to include all of Council's suggestions for budget issues, the total would be \$804,000 for the upcoming year in addition to the capital projects component, which is \$40.5 million. City Manager Chan suggested Council either not move forward with some of the budget issues or cut something out in the current year budget to accommodate Council's needs. City Manager Chan stated Council also needs to find funds for the capital projects.

City Manager Chan explained that there are three employee association memoranda of understanding that are up for consideration this year and the financial impact of those negotiations is unknown at present.

City Manager Chan stated Council has flexibility, but does need to stay within their means.

City Manager Chan gave a presentation to Council about tools that can be used to help set priorities for the budget. City Manager Chan proposed that Council look at ways to reduce overall spending or service levels. City Manager cautioned Council on being overly ambitious on their assumptions for future revenue; rather rely on historical trends as a guide.

City Manager Chan stated all budget components are tools that can be used within priority-setting with the exception of debt service, interfund loans, and the 15 percent of CDBG grants dedicated for human services for outside groups.

City Manager Chan suggested that Council look at all of the services the City provides and then begin a process to identify the priority level for those services. City Manager Chan offered examples of how to prioritize service levels and studies.

City Manager Chan explained to Council that the current budget has more than \$400 million in unfunded projects that have been identified as needed, but are not funded. The 20-year plan does not have funding for these items.

City Manager Chan stated if Council would like to explore or move forward with this new concept for prioritizing budget items, then Council would need to identify the ranking criteria. City Manager Chan suggested that staff would use Council's ranking criteria to identify the high, medium and low priorities for services and projects. City Manager Chan explained that Council would then review everything to make sure the category staff suggests is correct and approve final rankings.

City Manager Chan stated prioritizing the low priorities will be hard work as there could be five million requested. City Manager Chan suggested using a process of scoring them from one to five (as to how significant the item is to the community). City Manager Chan suggested it would be important to also look if the services are provided elsewhere or if they could be provided at a lower cost level.

City Manager Chan stated if Council would like to use this process, staff would need to know fairly soon and another meeting would need to be scheduled for further discussion.

Councilmember Swegles confirmed with City Manager Chan that she is not able to confirm that the \$500,000 for Council (to add services or to deal with uncertainties) will still be in place this coming year until she completes the budget recommendation.

City Manager Chan stated Council previously gave direction to staff to set aside \$100,000 in order to deal with outside funding requests. City Manager Chan stated that Council could choose to place that \$100,000 back into the budget and then consider all outside funding requests along with the City's low priority items.

Councilmember Moylan stated would be in favor of placing outside funding requests into the mix for Council's ranking of all the low priority items.

Councilmember Moylan explained that Council referred all the budget items that staff recommended they refer to the city manager for consideration in the budget. Councilmember Moylan stated he wanted to make it clear that what Council did was forward all the budget issues that staff recommended they forward on, but Council is aware most of those items will not receive funding.

Councilmember Moylan supports the city manager's proposed tool to help fund new ideas by removing an old item off the priority list.

Councilmember Moylan suggested that the mayor may want to appoint a finance sub-committee to go through all the budget items and return to Council for final revisions.

Councilmember Moylan stated he will need to leave the meeting early because he has students expected in his office at Stanford at 10 a.m. Councilmember Moylan stated if

the mayor would like to hear his input on any future items prior to his leaving, he would ask that the mayor give him a wave and he will quickly share his thoughts.

Vice Mayor Hamilton supports the city manager's suggestions for the budget tools. Vice Mayor Hamilton inquired that since legally mandated items would be the highest ranked items, would the highest ranked items also include the unfunded mandates that the City receives from the state or other agencies. City Manager Chan stated if they are mandated, the City has no choice to include them as the highest ranked, whether they are funded or not.

Mayor Spitaleri inquired if Council would be able to receive a copy of the legally-mandated items. Mayor Spitaleri stated the proposed tool is an excellent idea in that Council will be able to look at the cost of items along with the hours involved which will help Council prioritize items. City Manager Chan stated she can supply Council with a copy of the legally-mandated items.

Vice Mayor Hamilton stated she is in favor of appointing a finance sub-committee, although she would recommend that all information that goes to the committee is provided also to Council for their input back to the committee.

Councilmember Howe inquired what the impact will be on staff for this proposal. City Manager Chan explained that this year there will be a significant impact to staff, but once Council has these items identified, then in future years, the process should be much easier.

Councilmember Howe stated he supports the budget tool as it is a logical extension of priority-setting for the budget.

Councilmember Lee stated the tool is innovative and thanked the city manager for bringing this forward. Councilmember Lee stated he supports this moving forward along with appointment of a sub-committee.

Councilmember Lee stated he will need to leave by 10 a.m. today.

City Manager Chan suggested Council make a motion to approve the new priority concept and then direct staff to come back to Council with a more detailed plan at which time a public hearing can be held on the criteria. City Manager Chan stated that Council could also set up a study session on this item if they prefer.

Mayor Spitaleri stated he supports the sub-committee idea.

MOTION: Councilmember Swegles moved and Councilmember Lee seconded to have staff look at the new concept in regards to all the possibilities in ranking and bring the information back to Council at a later date and include an open public hearing at the same time.

VOTE: 7-0

Councilmember Moylan stated he wished to share his thoughts with Council for their consideration prior to his leaving the dais. Councilmember Moylan stated he is in favor of the new legislative policy on taking positions only on items that affect the City. Councilmember Moylan stated this Council decision turned out to be a good move.

Councilmember Moylan stated he has a couple of suggested things that Council may want to consider as issues to keep a watch on or Council may want to take a position on. Councilmember Moylan stated first, one of the mantras that appears everywhere and specifically anything adopted from the League of California Cities is local control. Councilmember Moylan stated he would like to suggest that with regard to transportation issues and some other issues, that regional control is actually more appropriate. Councilmember Moylan stated one of the problems at Santa Clara Valley Transportation Authority (VTA), the outside consultant that they brought in has correctly criticized is now that transit and the county is run by a board that is full of city councilmembers, there is a problem with the board not thinking what is best for the region, but with people getting up and saying they want their city taken care of without regard to any other city. Councilmember Moylan continued stating that there are some issues that are inherently regional in nature and Council should really consider whether they always want to force the top policy making authority down to the smallest level of government. Councilmember Moylan stated sometimes the second smallest level of government, the county, is more appropriate.

Councilmember Moylan suggested adding to the legislative priorities the effects of CO₂ emissions caps on the City as there will be impacts to the City and this area needs to be carefully watched.

Councilmember Moylan stated there may be a change to the law requiring citizens to cut their trees down when they interfere with solar systems. Councilmember Moylan suggested keeping a watch on this law.

Councilmember Moylan stated Council tries to take the position of the City's legislative advocacy positions based on what is best for the citizens of Sunnyvale. Councilmember Moylan stated Council should support the will of the citizens of Sunnyvale and anything that goes on the ballot, the majority vote should get their way. In other words, eliminate anything that would require a 2/3 vote on the ballot. Councilmember Moylan stated that Council may want to consider supporting majority ruling as a legislative advocacy position.

Councilmember Moylan requested to receive the June 2008 Council calendar from staff as soon as possible.

Councilmember Moylan stated he was sorry he had to leave early but he had to workk. Councilmember Moylan left the dais (time not recorded)

ROLL CALL

PRESENT: Mayor Anthony Spitaleri
Vice Mayor Melinda Hamilton
Councilmember John Howe
Councilmember Otto Lee
Councilmember Ron Swegles
Councilmember David Whittum

ABSENT: Councilmember Christopher Moylan

STAFF PRESENT: City Manager Amy Chan
Assistant City Manager Robert Walker
City Attorney David Kahn
Intergovernmental Relations Officer Yvette Agredano
City Clerk Gail Borkowski

Legislative Action Priorities and Legislative Action Positions

Intergovernmental Relations Officer Yvette Agredano presented the staff report.

Councilmember Howe confirmed that the home mortgage interest deduction (page 7, first item listed, as #7326) is being proposed to move into the new Attachment A of the legislative action priority (LAP) policy. Officer Agredano explained that in preparation for the 2009 LAPs, staff would focus on all policies contained in Attachment A and determine if they are no longer a concern and should be dropped, or whether they should be formalized into a Council policy. Councilmember Howe confirmed that if Council adopts the staff recommendation, the policy would still be active for 2008 and then in 2009 Council would act on policy #7326 contained in Attachment A as to whether to keep it or not.

Councilmember Lee inquired if the City watches the county and federal budgets and Officer Agredano stated the budgets are watched based on staff recommendations. Councilmember Lee confirmed with Officer Agredano that staff reviews the proposed budgets as a regular course of action to ensure they are not affecting the City negatively, but that action has not been part of the priority watch issues. Councilmember Lee stated he felt it would be appropriate to have the county and federal budgets included as part of the priority watch issues.

Mayor Spitaleri confirmed that Officer Agredano was currently reporting to Council and will return at the end of February 2008 with an updated report. Officer Agredano stated if Council would like to include any other policies or if Council has questions or concerns about the staff recommendations, they can forward those to the City Manager and those items will be included in the final report to Council at the end of February.

Review of Draft 2008 Tentative Council Meeting Agenda Calendar

City Manager Chan explained the Council calendar was looked at during the January 25, 2008, meeting and staff is scheduled to bring it back to Council at the February 26, 2008, Council meeting for further consideration and approval.

Councilmember Swegles confirmed with City Manager Chan that staff took Council's input for the calendar last week and added the changes to the calendar. City Manager Chan explained that the draft calendar will be given to Council prior to the meeting on February 26, 2008, and at the Council meeting, Council may still make changes.

Councilmember Howe requested that the city manager relay that same information to Councilmember Moylan.

City Manager Chan thanked Council for their time in reviewing these important issues and for their input given during this meeting. City Manager Chan stated there is a complete copy of her presentation in each Councilmember's binder.

Councilmember Lee announced that Congresswoman Anna Eshoo has posted all the financial requests she is making from the federal government on her Web site, <http://eshoo.house.gov>. Councilmember Lee stated he will forward Congresswoman Eschoo's letter to the city manager to make sure the City does not miss out on any chances to ask for money from the federal government.

ADJOURNMENT

Mayor Spitaleri thanked staff for their assistance in making the study session move smoothly and adjourned the meeting at 9:49 a.m.

Gail T. Borkowski
City Clerk

Date